

Implementation of PPPs for Transit San Diego, July 7-8, 2009

Preparing a Request for Proposals (RFP)

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- **RFP Basics: objectives, attributes, contents**
- **A key theme: scope constraints & innovation**
- **Two case studies: Dublin Metro North & DART Interconnector**
- **Summary and questions**

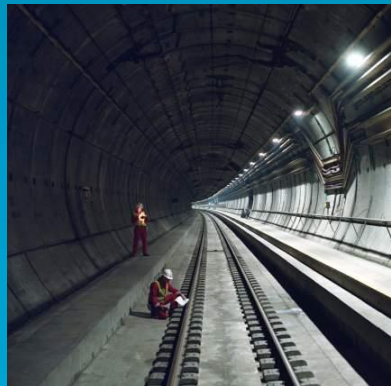


“Canada Line”
Vancouver
International Airport



- Initiation – policy goals, organizational framework
- Feasibility assessment – economic appraisal and outreach, scoping, RFI
- Procurement strategy – choice of delivery model, more detailed scoping and outreach, due diligence
- **Procurement implementation – RFQ, evaluation, short-listing, RFP, final selection and award**
- Contract execution
- End of term – handback or re-tender

- To select the bidder that will deliver the defined project goals for the least cost over the whole term of the contract
- To generate competition
- To support public policy objectives
- To meet public sector governance requirements
- To ensure that the selection process is fair, transparent and legally robust
- To build industry trust for future procurements



Channel Tunnel Rail Link
UK

- Clearly defined goals for the project
- Clearly defined commercial terms
- Clearly defined scope and technical requirements
- Allocation of risk
- Allows maximization of opportunity, innovation and the capture of value
- Clearly defined process of submittal and evaluation
- Objective and transparent evaluation criteria
- Well organized and with consistent terminology



Putra LRT
Malaysia

- Instructions to Proposers: contents of proposal, ATC process if allowed, evaluation information, dialog
- Draft Concession Agreement, including attachments
 - Technical requirements (design, construction, operations, maintenance, rolling stock)
 - Project interfaces, stakeholders
 - Project management, QA/QC, oversight
 - Financial, payment formulae, insurance, risk allocation
- Reference data
 - Preliminary design (30% plans), environmental info, technical reports, design criteria manuals



**New Southern Railway
Airport Link**
Australia

Need to control
- constraints
Desire to control
- mindset



**Giving the private
sector enough
freedom to
innovate**

- Likely constraints within which the private sector needs to develop the solution:
 - Design and environmental requirements
 - Operational requirements
 - Hand-back requirements
 - Project risks transferred to private sector
 - Funding constraints
 - Regulatory constraints
- RFP should try to articulate the project needs rather than solutions, such as:
 - Ridership targets/goals
 - System, O&M performance
 - Service level outputs
 - Interoperability objectives
 - Ancillary services
 - Financial goals

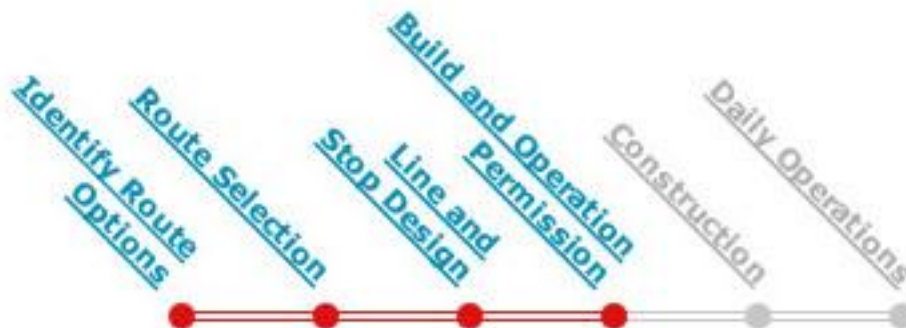
Project Info

- New line, 18km long
- Will connect Dublin City Center to key destinations including hospitals, universities, retail areas, residential, offices and the airport (20 minute journey time to airport)
- Ridership expected to be 34 million / year
- Multi-modal interchanges with other rail services, metro lines (Luas), bus facilities and park and ride
- http://www.rpa.ie/en/projects/metro_airport_swords/Pages/default.aspx



Procurement Info

- The procurement process involves pre-qualification of three separate 'panels':
 - infrastructure
 - rolling stock
 - operating
- After pre-qual, teams are formed from the qualified panels, one from each
- Two contracts awarded:
 - infrastructure contractor and rolling stock supplier (the infrastructure contract)
 - operator (the operating contract)



- Project Info
- New 7.5km underground railway right across Dublin
- “Vital backbone of an integrated public transport system”
- Will connect two existing Luas underground stations
- Preliminary design is complete, due for completion in 2015
- Procurement is due to begin in September 2009
- http://www.irishrail.ie/projects/dart_underground.asp



- Procurement Info
- Irish Rail intends to procure as a PPP
- Halcrow are Irish Rail's technical procurement advisors
- Currently developing procurement strategy
- Next steps include market sounding and RFQ (Sept 09)
- Key issue – scope



DART Interconnector DBFM Scope

DBFM Scope	Current	Current plus Track	Current plus Railway Systems
Private sector maintains	<ul style="list-style-type: none"> Stations only 	<ul style="list-style-type: none"> Stations, Track 	<ul style="list-style-type: none"> Stations, Track, OHL, Signals, Comms
Procurement	<ul style="list-style-type: none"> Choice unaffected 	<ul style="list-style-type: none"> Choice unaffected 	<ul style="list-style-type: none"> Choice unaffected
Award Criteria	<ul style="list-style-type: none"> NPV 	<ul style="list-style-type: none"> NPV 	<ul style="list-style-type: none"> NPV
PayMech/ KPI Construction	<ul style="list-style-type: none"> Milestones Operations Start Date Output/Performance Spec 	<ul style="list-style-type: none"> Milestones Operations Start Date Output/Performance Spec 	<ul style="list-style-type: none"> Milestones Operations Start Date Output/Performance Spec
PayMech/ KPI Operation	<ul style="list-style-type: none"> Availability/Quality: <ul style="list-style-type: none"> – Station* – Tunnel Ventilation 	<ul style="list-style-type: none"> Availability/Quality: <ul style="list-style-type: none"> –Station* –Tunnel Ventilation –Track 	<ul style="list-style-type: none"> Availability/Quality: <ul style="list-style-type: none"> –Station* –Tunnel Ventilation –Traction Power –Signals/ Comms
Interface Risk to be managed	<ul style="list-style-type: none"> Passenger/ AFC 	<ul style="list-style-type: none"> Passenger/ AFC Wheel/ Rail 	<ul style="list-style-type: none"> Passenger/ AFC Wheel/ Rail EMC (OHL/ Comms/ Signals/ T&RS)
Potential savings to Public Sector	+	++	+++

- **Consolidation of D, B, F, M, O phases (where possible)**
 - Whole-life thinking from design to asset management and operation
 - Drives efficiency and effectiveness
 - Enhanced/ improved risk allocation between public and private sector
 - Size of prize – large risk/ opportunity is strong incentive;
 - Clarity – allocation in one (or smaller number of) contract;
 - Interfaces – fewer interfaces to generate risk and less risk provision
 - Economies of scale in procurement overhead, transaction costs, financing
- **Certainty**
 - Delivery dates assured by contract
 - Incentivised by LDs/ Abatements
 - Funding stream for asset delivery assured by contract
 - Not subject to public treasury pressure
- **Sustainability**
 - Output standards assured by contract
 - PayMech incentivises Concessionaire to deliver on maintenance/ operation
 - Funding stream for asset management assured by contract

- **Clearly define project constraints and goals**
- **Clearly define scope of operational service and how this will be measured**
- **Define standards and specifications to be implemented**
- **Contain a level of detail consistent with delivery method, which means less detail for a full PPP performance spec**
- **Clearly define roles and responsibilities**
- **Consistent in language (glossary)**



Questions?

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